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C O N F I D E N T I A L SECTION 01 OF 07 TOKYO 001209

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SUBJECT: "CORRIDOR FOR PEACE AND PROSPERITY" INITIATIVE
INAUGURATED IN TOKYO AT THIRD CONFERENCE FOR CONFIDENCE
BUILDING BETWEEN ISRAELIS AND PALESTINIANS

REF: A. TOKYO 1005

[1](#)B. AMMAN 1150

[1](#)C. TOKYO 1058

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4(b) and (d)
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[1](#)1. (U) SUMMARY. Israel, Palestinians, Jordan, and Japan agreed to a Terms of Reference document for the Corridor for Peace and Prosperity (CPP) Initiative, announced Japanese Foreign Minister Taro Aso March 14. The parties formed a "Four Party Consultation Unit" and agreed that (1) the CPP initiative will receive continued high-level political support from all parties, (2) a Japan International Cooperation Agency (JICA) team will travel to the region later this month to survey possible sites for an agro-industrial park, and (3) regular four-party talks at the working level will commence in June with a meeting in the Jordan Valley region. The parties hailed this development as an important step forward, with Israeli minister Shimon Peres noting it is the first time a three party agreement has been achieved and the first time economic concerns have taken precedence over politics. Despite the positive atmospherics, all parties also acknowledged that serious hurdles exist and that progress with this initiative will likely depend on parallel progress on the political and security fronts. END

SUMMARY.

12. (U) The "Third Conference for Confidence Building Between Israelis and Palestinians" was hosted by Japan March 14-15 in Tokyo. The first two conferences took place in 2003 and 2004. In addition to Palestinians and Israelis, the Japanese also invited Jordanian representation in order to discuss the CPP initiative which involves all three. The first day consisted of closed talks among the participants, while the second consisted of open sessions that included private sector representatives. The Israeli delegation was led by Minister for the Development of the Negev and Galilee Shimon Peres. Saeb Erakat represented the Palestinian side, and Farouk Kasrawi, Special Advisor to King Abdallah, led the Jordanians. (See para 18 for complete list of participants.)

CORRIDOR FOR PEACE AND PROSPERITY INAUGURATED

13. (U) At a reception open to the press following the first day of talks, FM Aso announced the parties had officially agreed to inaugurate the CPP initiative. He stated that a "Four Party Consultation Unit" has been established and that the parties agreed (1) the initiative will continue to enjoy high-level political support from all parties, (2) a JICA team will visit the Jordan Valley region in late March or early April to study possible locations for the agro-industrial parks to be established pursuant to the initiative, and (3) a four party technical level meeting will

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be held in the region in June. (See ref A for description of the CPP concept.) Aso recalled his recent speech on Japan's Middle East policy (ref C) and said he hopes Japan can continue to serve as a facilitator of confidence building talks. He acknowledged that this one meeting will not lead to peace in the Middle East but emphasized that Japan hopes to continue to play a role to achieve that end.

14. (U) Shimon Peres thanked Aso and the Japanese for hosting the event and lauded them for showing the world that economics, not armies, are the best instrument of foreign policy. He said this was the first time a three party agreement in the region has been realized and also noted it was the first time economic issues dominated the negotiations, rather than political or security issues. He stated the troika formed here would now work to build a new economy for the Palestinians. Peres said he found the meetings "extremely agreeable" and that he was leaving Japan with the feeling that something positive has taken place.

15. (U) Saeb Erakat also thanked Japan not only for hosting the meeting but also for the continued support it has given the Palestinians since 1994. He agreed with a remark made by Peres that it is necessary to dismantle walls and build bridges. Sounding a political note, Erakat stated that any road to peace and economic development must go through an independent Palestinian state and urged Japan and all others to "stay the course with us" until that goal is achieved. He announced that, on behalf of President Abbas, he has invited Prime Minister Abe to visit Jericho along with King Abdallah of Jordan and Israeli Prime Minister Olmert.

16. (U) Jordan was represented by Farouk Kasrawi, special advisor to the King, who also thanked Japan and commented hopefully that one outcome of the project will be the construction of a new bridge across the Jordan River. He said Jordan fully supports the CPP initiative and the peace process as a whole.

OPEN SESSION HINTS AT HURDLES YET TO OVERCOME

17. (U) The second day of the conference featured a panel

discussion open to the press and public which included both private and business representatives of the parties as panelists. The overall positive attitude which permeated the reception of the prior evening remained, but hints at difficulties yet to surmount surfaced. The session was hosted by Ambassador Tatsuo Arima, Japan's Representative in Charge of Peace in the Middle East. He reviewed the proceedings of the previous day and noted that Japan sees a window of opportunity to make progress in the Middle East, but that the "horizon of hope is fast receding." He noted the recent agreement between Fatah and Hamas and said Japan hopes the fragile peace between them will hold. Yet he

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observed that Hamas still has not accepted the three preconditions which must be met before Israel and many other countries will agree to deal with them and that, accordingly, the international community is taking a wait and see approach. Japan, he said, thought the recent summit meeting between President Abbas and Prime Minister Olmert was a positive development, even if it did not last long and nothing major was agreed upon. Arima reiterated Japan's intentions to continue to help work for peace, stating that "sustaining hope is what we hope this conference does."

18. (U) Erakat spoke next, positively noting that other regions which have encountered conflict and attempts at reconciliation - Europe, Japan, Southeast Asia - eventually succeeded in achieving peace and prosperity. The same can be true in the Middle East, he declared. But injecting a hint of reality, he asked whether it is possible to have economic prosperity in the absence of a political resolution, while the occupation continues, and while issues such as borders, sovereignty, and refugees remain unresolved. The fact that all parties have agreed to the two state solution enunciated by President Bush is a positive factor, but economic development must proceed in parallel with a political process. He warned that for peace to be achieved, the Palestinians must not be "deprived of reliance on international law," and subtly complained about settlements, the separation wall, and unobserved UNSCRs. He also observed that many of the benchmark dates set by the Roadmap had come and gone, and that "today the Roadmap is devoid of timelines." He called for the revival of the peace process with meaningful timelines. The PLO, he said, remains committed to negotiations with Israel which must be carried out immediately and in parallel with the CPP initiative. He concluded his remarks by declaring the CPP gives the Palestinians hope that they are not alone. "I will go back to Jericho and tell the people 'you are not alone; Japan is with you.'"

19. (U) Speaking for Jordan, Kasrawi agreed that for the CPP "experiment" to succeed, progress in the overall peace process is also required. He reaffirmed Jordan's support for both political and economic initiatives and said that if the Palestinian economy can be revitalized, this will lead to fewer incentives for people to turn to violence. Kasrawi called the CPP initiative "daring and promising" and said Jordan had agreed to the terms of reference with the hope that this will become the starting point for larger things.

10. (U) Israeli MOFA Deputy Director General for International Cooperation Haim Divon reaffirmed that Israel supports the two state solution but, poking back gently at Erakat, reminded the audience of Hamas' failure to recognize Israel, end the violence, and respect preexisting agreements. "Cooperation with our neighbors is a priority for Israel, but as long as missiles continue to fall security will remain a factor." Israel is anxious to establish personal and

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professional ties with Palestinians and sees these as the building blocks to peace, he continued. Divon noted that

workable programs are taking place in spite of ongoing political tensions and reviewed a number of ongoing projects Israel already has with Arab partners, noting that third party involvement, such as that offered by Japan, is welcomed and required for the success of such projects. He concluded his remarks by declaring "Israel supports the CPP and will do whatever is appropriate and required to make it work." But he also warned: "Don't give up. It will be difficult; there will be many speed bumps. But don't give up. We need your help."

PRIVATE SECTOR PERSPECTIVES

¶11. (U) In addition to government officials, the delegations also included private sector representatives. Palestinian Mazen Sinokrot is Chairman of Sinokrot Global Group. He noted that 90 percent of Palestinian trade is with Israel, less than two percent is with Jordan, and less than one percent is with Egypt. It is not normal or healthy for any economy to be so dependent upon one partner, he observed. And with Israel unilaterally deciding to disengage from the Palestinians, the Palestinian economy has suffered greatly. He agreed on the need to increase regional economic cooperation with other Arab countries and that agro-industrial parks as called for by the CPP would create jobs and stability and would be in the national security interest of all interested parties.

¶12. (U) Ariel Zief, Vice President of the Federation of Israeli Chambers of Commerce, agreed with Sinokrot that the status quo is not normal. In addition, he decried as "unacceptable" the vast gulf between per capita income in Israel and in the Palestinian territories. He said there are no problems between Palestinian and Israeli businessmen and that "we know how to do business with each other." The problem is that private business will not invest in an area of instability. He suggested that Japan could host forums where business opportunities could be discussed, but also that a fund be established to guarantee projects. The private sector would be encouraged to invest if there was assurance they could recoup their capital if disaster strikes. Zief was positive about the CPP, observing that it will help create jobs and increase the number of trading partners for Palestinians. He predicted that Israeli businesses, many of which have great expertise in agriculture, will support the CPP and agreed with Kasrawi that economic stability would lead to less violence. Echoing other participants he concluded by saying "this project gives us hope."

¶13. (U) Political obstacles to the CPP must be overcome, agreed Jordanian businessman Bisher Jardaneh, Executive Managing Director of Arabtech Jardaneh Group, Engineers and

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Architects. He noted that many Jordanian businessmen are hesitant to do business with Israel not for economic reasons but for political ones. They do not want to be seen as supporting the occupiers. The private sector in Jordan must become sensitized to the fact that in addition to profits, there are corporate social responsibilities owed to the people. He suggested that Japan is well placed to help sensitize Jordanian businessmen to such responsibilities.

¶14. (U) Other speakers included JICA's Juro Chikaraishi, Director General of Regional Department V (Middle East and Europe), who described ongoing JICA projects in the Palestinian territories and the ideas behind the CPP; Israeli Attorney Gilead Sher who called for an uninterrupted dialogue which would not be halted by acts of terror or retaliation and for continued third party support such as that offered by Japan; and Palestinian Khalil Shikaki, Director of the Palestinian Center for Policy and Survey Research who took a more political tack, calling for Israeli disengagement from the Jordan Valley, an end to Palestinian violence, and for

the Jordanians to allow more freedom of movement for Palestinians and their products. Finally, Dr. Jafar Hassan, Director of the King's International Policy Department, said that what is needed is more than a crisis management approach to Palestinian economic hardships. Rather, an "economic roadmap" is called for, and Japan's CPP initiative is welcomed by all the parties. "Japan" he said "has goodwill and is welcomed throughout our region, as it comes with no preestablished bias or agenda."

DIPLOMATIC CONTACTS HOPEFUL BUT CAUTIOUS

¶15. (C) MOFA Deputy Director General for Middle East and African Affairs Bureau Shinsuke Sugiyama has taken the lead on the CPP initiative for the Japanese, traveling to the region and also coordinating the process in Tokyo. He told Political Officer that Japan fully realizes the difficulties yet to be faced. He said that the Terms of Reference were still being worked over until the very last moment and that he had yet to see a final typed version. The Israeli Army, he revealed, is very skeptical about the initiative, particularly the portion calling for the rehabilitation of existing bridges over the Jordan River or the construction of new ones. Japan will not push any of the parties, Sugiyama said, but will continue to move forward with the initiative hoping to work through any of the problems that will invariably arise.

¶16. (C) Palestinian Representative in Tokyo Waleed Siam (who answers to President Abbas) told Political Officer he is hopeful the CPP initiative will prove successful, but that he, too, realizes difficulties may arise. He said the Israeli Army has provided a letter granting permission to set up agro-industrial parks inside Palestinian controlled areas

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of the West Bank, a step he found very positive.

COMMENT

¶17. (C) The atmospherics of the conference and the public launch of the CPP initiative were generally very positive. While acknowledging some of the obvious points of friction that remain, the participants tended to focus on the positive aspects. Japan scored points with all parties, and FM Aso was clearly enjoying a moment in the peace process limelight, beaming throughout his press conference/reception. The local press seemed less taken by the proceedings, with one journalist confiding to Political Officer that he didn't find the conference very interesting. Nevertheless, we predict that MOFA and JICA will continue to try to move steadily forward with the CPP. Although many speakers praised former Prime Minister Koizumi for initiating the CPP idea, FM Aso and the Abe Administration are now clearly invested in the project and will not want to see it fail.

DELEGATION PARTICIPANTS

¶18. (U) The visiting delegations were comprised of the following individuals:

ISRAEL

- Minister for Development of Negev and Galilee Shimon Peres
- Mr. Haim Divon, Deputy Director General for International Cooperation, MFA
- Atty. Gilead Sher, former chief negotiator and Prime Minister's Chief of Staff
- Mr. Ariel Zief, Vice President, Israeli Federation of

Chambers of Commerce

- Dr. Eyal Ben-Ari, Professor, Hebrew University of Jerusalem
- Ms. Yona Bartal, Deputy Director General of Minister Peres' office

JORDAN

- Farouk Kasrawi, Special Advisor to the King
- Dr. Jafar Hassan, Director International Policy Dept, King's Office
- Mr. Bisher Jardaneh, Executive Managing Director of Arabtech Jardaneh Group

PALESTINIANS

- Dr. Saeb Erakat, Chief Palestinian Negotiator

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- Mr. Mazen Sinokrot, Chairman of Sinokrot Global Group
 - Dr. Khalil Shikaki, Director of Palestinian Center for Policy and Survey Research
 - Mr. Khaled Abdel Shafi, Head of UNDP Gaza Office
 - Dr. Shaddad A.M. Alateell, Policy Advisor Water and Environment Negotiations Support Unit
- SCHIEFFER